DECEMBER 18, 1967

CANADA'S FARM OUTLOOK

THE FUTURE OF WORLD FARM TRADE POLICY

FOOT-AND-MOUTH IN U.K.

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Swather transforms solid appearance of Canadian grain field into a linear pattern at harvesttime. This and other crops were topics at recent Outlook Conference in Ottawa, covered on opposite page. Photo: National Film Board.

Contents

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Canadian Agricultural Officials See Stiffer Competition in World Markets

By RICHARD H. ROBERTS
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Canadian farmers face a good domestic market for their products but cannot afford to relax when confronting the increasingly competitive world market, according to farm officials who met in Ottawa 2 weeks ago for the annual Federal-Provincial Agricultural Outlook Conference.

The conferees generally agreed that the tariff reductions, grains agreement, and antidumping code of the recent Kennedy Round negotiations would provide a favorable environment for Canadian farm exports and that Canadian agriculture is strong enough to cope with devaluation of the British pound and protectionist barriers of the Common Market. On the other hand, there was general disappointment that the Kennedy Round negotiations did not yield international dairy and meat agreements and fear that some of the reduced tariffs are already being offset by other kinds of trade barriers.

Some 300 delegates from Federal and Provincial agricultural departments, farm organizations, foreign countries, and—for the first time—private industry attended the conference. Their task: To look at where Canadian agriculture stands today and where it is going tomorrow—both domestically and on the international level. At home, they foresee a larger farm outturn in 1968, with higher cash receipts than in 1967 but reduced net returns because of higher operating costs. In the export picture, some farm commodities are continuing upward although the farmers' share of total exports is declining. Wheat still takes top billing among exports, followed by oilseeds, wheat flour, live animals, and meats and meat preparations.

Kennedy Round outcome seen favorable

Looking at foreign trade in general, the conferees focused on the recent Kennedy Round tariff negotiations and their effects on Canadian farm trade. Canada, it was pointed out, received benefits on about $1,110 million or 63 percent of its total farm exports of $1.8 billion.

Both Canada and the United States made substantial concessions on dutiable shipments across the border. Canada's dutiable farm exports to the United States in 1966 amounted to about $225 million. On $95 million of this dutiable trade, the United States cut tariffs by an average of 60 percent. Major products on which duties were cut include maple sugar and sirup, fresh apples and raspberries, turnips, a number of grass and forage seeds, cattle hides and skins, brewer's grains, grain screenings and other grain milling byproducts and animal feeds, fresh and frozen pork, dairy cattle, fresh and frozen blueberries, currant and berry jams and jellies, fresh carrots, mustardseed, and sunflowerseed.

On products coming into Canada from the United States, duties were cut for citrus juices, fresh pork, grass and forage seeds, apples, feeds, grain sorghums, cigar wrapper tobacco, hops, animal fats, dried and some fresh vegetables, and a number of noncompetitive products like rice, raisins, and processed coffee.

The Canadian market for U.S. fruits and vegetables is expected to continue to expand, but U.S. cotton—which enters Canada duty free—is facing competition from Russian cotton as well as from manmade fibers.

Acknowledging that the Kennedy Round negotiations were favorable to Canadian trade, officials nevertheless expressed fear that nontariff barriers are dampening effects of the duty cuts. A trade panel at the conference concluded that future efforts to liberalize trade must be devoted to these nontariff barriers, which, according to a Canadian agricultural delegate to GATT, E. W. Stewart, were not needed when tariffs were high before the EEC developed its new agricultural policies. Reduction of these, however, is difficult, since it could require major changes in a nation's agricultural policy, including farm subsidies, licensing regulations, and the like.

On the home front, the index of farm production this year is down between 10 and 15 percent from the record level of 1966, but realized net income from farming operations will rise some. The number of farms is expected to continue its decline, while the number of those with sales exceeding $5,000 will proceed on its upward path. In the past 10 years, specialization on farms has been increasing rapidly. The long-term decline in the agricultural labor force halted this year with the easing of the tight employment situation in industry.

Wheat market gets more competitive

One of the main topics among specific commodities discussed at the conference was wheat, which accounted for over half of Canada's $1.8 billion in agricultural export earnings a year ago. At a grain-trade panel, G. A. Hiscocks of the Canadian Department of Agriculture predicted that

world wheat trade will undergo a slow, selective, very competitive growth in the next 5 years. He added that Canada will have to keep close tabs on what the world market wants if it is to retain its share. While some factors—like declining per capita consumption in the developed countries and price policies in the European Economic Community—could limit the market for Canadian wheat, others —including year-to-year shifts in supply and demand in importing countries—should help Canada maintain its position as a major supplier.

A major change in Canadian agricultural policy during 1967 was the government decision to subsidize wheat exports by the Canadian Wheat Board in order to maintain prices to farmers and also to remain competitive in foreign markets.

At the conference, specialists forecast wheat exports for the current crop year at not more than 350 million to 400 million bushels, compared with slightly over 500 million in 1966-67 and 585 million in the previous year. Shipments to developed countries have been slow so far, and sales have been down from last year. Commercial trade with developing countries is expected to remain at last year's level, while aid shipments may decline. Sales to the Communist countries have been extremely slow. The Soviet Union has purchased only the minimum quantity of 75 million bushels under the 3-year agreement signed in 1966. Apparently, no sales have been made in Eastern Europe, and Mainland China had yet to make and purchases this marketing year under the 3-year agreement negotiated last year.

In a later development, Canada announced on December 12 the sale of 78.4 million bushels to Mainland China for January-October shipment.

Considering anticipated exports and a domestic disappearance of 155 million bushels, stocks will rise to nearly 600 million bushels. The conferees concluded that with normal conditions "a smaller planted area than last year's could produce all supplies needed to meet anticipated demand in 1968-69."

Looking at feedgrains, Assistant Deputy Minister of Agriculture W. E. Jarvis suggested that Canadian farmers will not likely try to participate in the expanding world market for this commodity, but would adjust acreages to take advantage of the more dependable domestic market. Concentrates, including grains, fed in Canada in 1966-67 reached an all-time high of 17.2 million short tons. In response to the generally good returns from most animal products, feeding rates are expected to be maintained at high levels, and concentrates fed in 1967-68 are expected to total 17.7 million tons. Since the oats and barley crops were smaller this year, the extra supplies are expected to come from depletion of carryover stocks, the larger corn production, and a small rise in imports.

Oilseeds gaining in stature

Noted also at the conference was the growing importance of oilseeds among agricultural exports. Last year, they accounted for 6 percent of the total value.

The market for rapeseed, especially, has been increasing both internationally and on the domestic level, and Canada is still the world's leading exporter of this crop. This year's output was estimated at 26.5 million bushels on October 15, compared with 25.8 million last year. Exports in 1966-67 totaled 13.8 million bushels, with Japan the biggest customer and the EEC countries, particularly Italy, second. Fats and oils policies in the EEC and other European countries may allow for moderate increases in Canadian production and exports, and shipments to Japan are forecast to rise despite competition from U.S. soybeans and Russian sunflowerseed. While the export market will continue to absorb the bulk of the crop, domestic processing is expected to increase as rapeseed oil and meal gain in acceptability at home.

Markets for Canadian soybean oil and meal are expected to continue under pressure from relatively large world supplies of both soybeans and competing products. Prices are currently low, and Canadian officials say they are not expected to average as high as last year. This could discourage acreage expansion.

Livestock industry focuses on home market

Canadian livestock producers seem to be concentrating on meeting the growing domestic demand for animal products. Highlight of Canada's livestock situation this year is the high price level for fed cattle, which has resulted in strong demand among feedlot operators for feeder cattle and calves. Canadian officials claim that local cattle feeders have been in a much more favorable position than their U.S. counterparts in 1967, with fed cattle prices in excess of an "export basis" and feed costs encouraging to the feedlot operator. The price of choice steers at Toronto in September was the highest since 1952. It is expected that prices through much of 1968 will remain above the amount permitting exports.

The relatively high prices during 1967 resulted from a slight decline in beef cattle slaughter and the increased demand brought on by a large influx of tourists for Expo 67. Supplies of fed cattle are expected to be somewhat higher in 1968 than in 1967. Whether prices remain at their current high levels depends upon whether domestic consumption—without 1967's large tourist trade—will be sufficient to maintain them.

Canadian exports of feeder cattle to the United States dropped to 40,828 head in the first 9 months of this year from 151,712 in the same period of 1966. For 1968, Canadian officials expect that they will decline even further, reflecting growth in the domestic cattle-feeding industry. Total exports of dressed beef and veal also declined. During January-August, they were 25.1 million pounds, compared with 49.9 million in the first 8 months of 1966.

Hog slaughterings, domestic disappearance of pork, and pork exports during the January-August period were all up over their levels of a year ago, while imports of pork declined. Excluding 1959, hog gradings for this period were at their highest since 1944. Slaughter in 1968 is expected to average below the high levels of this year, but prices—which this year through September were below 1966 levels—are not expected to show any sizable rise before the fall of 1968.

Poultry output still increasing

Production and consumption of poultry meat and eggs continued to expand this year and are slated for more of the same in 1968. Poultry production for 1967 is expected to total 830 million pounds, an increase of 5 percent against 9 percent for the 1960-66 period. For next year, the rate is placed at 4 to 4.5 percent. Poultry meat prices trended downward in the first half of this year because of heavy

supplies of both poultry and red meats, but are likely to strengthen by early next year. Poultry can expect tougher competition from red meats, especially pork, in 1968, but feeding costs for poultry producers are expected to be lower.

Turkey production this year is approximately the same as in 1966. However, the substantial increase in U.S. output has been depressing prices, and Canadian processors seeking live birds in the United States are now subject to the Canadian Government's temporary "value for duty" assessment, which raises the cost of U.S. turkeys to Canadian processors.

Supplies of eggs are expected to decline by mid-1968, and prices—now at very low levels—should strengthen.

Dairy policy gets attention

Spokesmen for the dairy industry at the conference voiced dissatisfaction with the government's dairy policy and called for announcement of next year's policy well in advance of April 1, the beginning of the dairy year, to allow Provincial governments to formulate alternative support programs if necessary. One Quebec Government official pointed to the human and social problems that could result from the present Federal policy, that of eliminating from the government subsidy program producers of less than 50,000 pounds of manufacturing milk and less than 1,750 of butterfat per year. "If Provincial governments are to take steps to solve these problems," he said, "they should know what the policy is going to be."

The Canadian Dairy Commission, which began functioning last January, makes direct payments to farmers on manufacturing milk. Canadian producers now receive the highest returns in the world for this milk. At the conference, the Commission announced that next year's dairy policy will be made public by January 1.

Total production of milk is expected to be up some in 1968. No change is anticipated in output of butter, dry whole milk, and Cheddar cheese, while that of dry skim milk is expected to increase. Consumption of fluid milk is not likely to show substantial change. A continued rise is expected in consumption of natural cheeses and ice cream and a decline in that of butter. Exports of Cheddar cheese and dry whole milk are not expected to change significantly from those of 1967, but more dry skim milk will be available for food aid programs.

The current Canadian tobacco situation points to a need for output of 226 million pounds of flue-cured in 1968 to meet growing domestic and export demand. Output of flue-cured this year was 219 million pounds, green weight, compared with a record crop of 223.7 million in 1966. According to Canadian sources, the potential for increasing exports, particularly to the United Kingdom, is good but will be governed by availability of Canadian supplies and offerings from other major suppliers.

Recovery Seen for Argentina's Ailing Tung Oil Trade

The future appears to be brightening for Argentina's tung oil exports following one of the worst price squeezes in its history.

Behind this new optimism are signs of renewed demand for tung oil—a product that lost many customers to other industrial oils during shortages in the early 1960's. In addition, Argentina recently made a sizable tung oil sale to the Soviet Union—a new market which apparently could not get sufficient supplies from its usual supplier, Mainland China.

Because of these developments, Argentina has been able to clear out stocks from its record 1966-67 tung oil output and can now concentrate on finding markets for its large 1967-68 production. A short time ago even this appeared almost an impossible task as producers watched prices in the major import markets—the United States and Western Europe—erode to a low of about 11 cents per pound.

A history of erratic production

Events contributing to the recent tung oil crisis have been a long time in the making—the result of successive ups and downs in production. In fact, it was a crisis, though a severe shortage rather than a surplus, that got Argentina started on its road to prominence as a tung oil producer and exporter.

The industry, which before 1940 accounted for less than 1 percent of total world output of tung oil, got its real impetus that year, when World War II temporarily severed the U.S. supply line from Mainland China—far the largest tung producer and until then the traditional source of U.S. tung oil. International prices soared, because more than ever before tung oil was required for the manufacture of varnishes and protective coatings for wartime materials. Chemists searched for substitutes, found some, but the demand for tung oil with its special water-repellent properties persisted.

Incited by attractive prices, the embryonic tung industry of Argentina planted heavily during the war, managing sharp increases in the area devoted to tung trees. Meantime, China reentered the picture as a U.S. trading partner. Argentina, however, was not yet in a position to export in large quantities, since tung trees need about 5 years to reach the fruit-bearing stage.

1950—a turning point

The big export opportunity came for Argentina in 1950 when the United States cut off trade with Mainland China. With many of its plantations at their peak potential, Argentina was able to move into the U.S. market. Soon it was the most important source of imported tung oil, selling the United States 10,000 tons in 1951-52 compared with only 30 a decade before.

In the remaining years of the 1950's, even though tung oil was slowly losing ground to substitutes, U.S. imports from Southern Hemisphere countries, combined with its own expanding production, were barely adequate to satisfy the needs of the United States. Argentina shared in this expanding trade and moved into second position behind Mainland China as an exporter of tung oil.

But the trade launched in 1951 was to head into waters unseen by the Argentines. Year-to-year changes in world availabilities of tung oil brought with them corresponding swings in world prices. Because of the tung tree's vulnerability to frost, the Argentine producers could not foretell whether the next year would be feast or famine. And users of tung oil, finding they could not depend on a steady

supply of this product at stable prices, gradually switched to substitutes—like synthetic resins, and linseed, oiticica, and castor oils.

U.S. industries were among the customers disillusioned by these erratic production patterns. As they switched to other products, tung oil consumption in the United States fell sharply. Inevitably the day arrived when imports hampered the U.S. tung industry, and import quotas were established in 1957.

These quotas were lifted in 1962 following a killing frost that dealt a severe blow to the U.S. tung groves. Once again world prices soared, and Argentine tung oil exports to this country expanded.

Surplus situation develops

By 1966, however, a worldwide surplus had developed, with a record 1965-66 tung nut crop in Argentina largely responsible. That crop—a gigantic 174,000 tons—was followed by one of 102,000. Together, the two yielded nearly 90 million pounds of tung oil—the equivalent of nearly 3 years' consumption in the United States.

As of mid-1967, a sizable volume of this output remained to be marketed, and in the United States—which traditionally takes nearly half Argentina's exports—consumption was off to less than 3 million pounds monthly compared with over three times that volume a decade earlier. Moreover, Western European consumers—which usually take a sizable volume from Argentina—also had a much smaller need for the oil.

By August 1967, prices for tung oil had fallen to a low of just over 11 cents (in tanks, basis New York) compared with an average of about 18 cents the year before and over 30 cents in 1963.

These low prices, according to Argentine producers, were barely enough to cover the cost of production. They were, on the other hand, sufficient to stimulate some buying in the United Kingdom and other countries of Western Europe, all of which heretofore had failed to respond to price drops. Consumption in the United States is also expected to increase.

One reason for the renewed buying is that prices of other vegetable oils commonly used as substitutes for tung oil are up. While New York prices for tung oil averaged between 11 and 12 cents per pound in August, those for linseed (raw) were 13.9 and for oiticica, 17.0. Those for castor oil from Brazil soared to over 24 cents (landed, duty paid, New York) in October—about 60 percent above 1966 prices.

Also helping to improve the situation was a shorter crop in Mainland China—as reflected in the recent purchase by the USSR of Argentine tung oil instead of Chinese oil. With this sale, amounting to 2,500 metric tons or more, Argentina has sold about all the oil from its 1965-66 tung nut crop.

Other problems of the industry

Not only are Argentine tung producers handicapped by an unpredictable supply of tung nuts, but they also bear the burden of extremely high transportation costs.

More than 900 miles separate the port of Buenos Aires from Misiones Province, where in the northeastern boot of Argentina are produced virtually all of the country's tung nuts. After being processed in Misiones, the oil moves by rail and barge down the Paraná River to Buenos Aires for storage prior to export. The cost of internal transportation—plus taxes, insurance, and other charges—is almost equal to the cost of shipping this oil to New York. Apart from the distance factor, producers are inconvenienced by shortages of railcars and barges—which are also used for tung oil coming out of Paraguay.

Other expenses have already been shaved to the minimum. More than three-fourths of Argentina's tung oil is processed and marketed by members of the Federation of Tung Cooperatives. They receive a loan each crop year (which begins in August, when the first oil arrives in Buenos Aires) from the Bank of the Nation, which is repaid as export receipts come in. Thus, even though the industry might like to store oil or nuts for years of reduced availabilities, it must export out of necessity to minimize interest payments—15 percent per annum.

Heavy dependence on tung oil

A rich Province in terms of the variety of crops that its subtropic climate favors, Misiones nonetheless relies heavily on a handful of products for its cash income. Tung oil—sometimes bringing $10 million annually—ranks second after tea as an export earner. Cognizant of the uncertain future for tung oil, growers have been thinking of raising other oilseeds to hedge this risky business. One example of an alternative crop is soybeans, already being produced in Misiones in quantities greater than elsewhere in Argentina.

They intend to keep on producing tung nuts, nevertheless, as evidenced by the replacement of old trees with varieties that give higher oil yields. They believe that the long-run outlook for tung oil is good, provided that new chemical derivatives can be discovered and that supplies and prices can be stabilized.

With this in mind, Argentine producers have for the last 10 years been working with U.S. growers in the Pan American League of Tung Producers. The League, which is funded by producer assessments, has as its principal activity the operation of a research center at the University of Mississippi. Investigations have paid off in the development of tung alkylids for photographic films. Work is also advancing at the research center in the use of tung oil as a plasticizer.

The Argentine Government also attaches importance to the maintenance of tung nut production and recently canceled a 16-percent export tax which was levied on the oil this past March when the Argentine peso was devalued by 40 percent. Such a reduction has been granted for only a few commodities.

Ability to sustain itself

With the seeming bottoming out of prices and the upturn in demand for tung oil, Argentina's tung industry appears to have a better chance in coming years, though the future still could bring a mere repetition of the boom and bust cycles. Should these continue it is rightly wondered whether tung oil's present users and newly gained ones will remain steadfast customers. But, clearly, the industry by this time is conditioned to the uncertainties of the business and is that much better equipped to cope with them. Therein perhaps lies the assurance that Argentina will go on exporting tung oil as long as there is a market.

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A Look Ahead at AGRICULTURAL TRADE POLICIES AND PROBLEMS

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Trade policy in its broadest sense is the attitude a government takes toward imports into and exports from its territory, and the ways in which it influences this trade flow. Trade policies are generally spelled out in considerable detail in the laws and administrative regulations of particular countries and in less detail in trade agreements and treaties entered into with other countries or groups of countries. The most significant trade policy statement in existence is the General Agreement on Tariffs and Trade.

I say most significant because the GATT is the most comprehensive trade agreement in existence—more than 74 countries adhere to it, including almost all the world's major trading countries—and because it embodies a philosophy of liberal trade based on the principles of efficiency, specialization, and fair competition.

This instrument has guided most of world trade for the past 20 years. But for the past 5 years, at least, both the GATT and the principles on which it rests have come under increasing strain and have been subject to increasing criticism. One of our most knowledgeable trade policy practitioners says that today he sees more of a disposition of some countries to set aside conventional rules of international trade than ever before in his memory.

Let's set out these conventional rules as they are found in the GATT, identify the challenges they face, and discuss the efforts that will be made in the years ahead to reconcile the rules and the challenges. That reconciliation will be our task for the next decade. The challenges are much too strong to be ignored.

The GATT rules

Physically the GATT comprises three sets of instruments: A slim volume of general trade rules negotiated mostly over 20 years ago but reviewed and updated to some extent in 1954; a massive set of lists of specific trade agreement concessions—mostly agreements not to increase import duties above certain levels—reached in six rounds of tariff negotiations, the last of which was the Kennedy Round; and a library of volumes and papers containing 20 years of interpretation and elaboration of the general rules.

In essence the GATT rules are simple and straightforward. In my judgment there are five of them, although there are of course many exceptions, qualifications, and explanations.

- Rule 1. *Import and export duties are the only legitimate trade barrier consciously applied as a barrier.*

This is the famous rule which outlaws the use of quantitative restrictions on imports. There are exceptions to this sweeping rule, of course. Quantitative restrictions can be used in emergency situations and for balance-of-payments and national security reasons. They can also be used to protect farm price and income programs if the program itself puts controls on domestic production.

- Rule 2. *Import duties can be reduced and eliminated, or bound against increase, through negotiations.*

This rule is the basis for the six general rounds of tariff negotiations we have had, including the Kennedy Round.

- Rule 3. *Export subsidies should not be used to obtain more than a fair share of world trade.*

- Rule 4. *All GATT member countries should be treated equally when measures are applied affecting exports or imports.*

This is the Most-Favored-Nation clause which says that no one country should receive better treatment than another. Closely allied to it is the National Treatment Clause which says that imports allowed into the country should be treated fairly in relation to goods produced domestically; that is, domestic goods should not receive better treatment in regard to the application of internal regulations affecting their sale or use.

Exceptions to the MFN treatment rule are made for preference systems which existed at the time the GATT was drafted, such as the U.S.-Philippine preferences and the Commonwealth system. These could be continued, although no *new* preferences were to be created in them.

The second, and major, exception to MFN was for preferences created when countries formed or joined customs unions and free trade areas. It was under this exception that the European Economic Community (EEC), the European Free Trade Area (EFTA), and the Latin American Free Trade Area (LAFTA) were formed.

- Rule 5. *Price and income support programs should not be used to increase exports from, or reduce imports into, the territory applying them.*

In recent years it has become quite common to hear that the GATT has no rules on farm support programs. The EEC particularly has taken that position, but it is not all alone. Admittedly, this rule is not as clearly spelled out as others, and not many GATT members have paid a great deal of attention to it, but the rule is there, and we in the United States have always recognized it.

These five major principles of the GATT form a distinct pattern. The import duty is to be the only legitimate barrier and it is to be gradually negotiated away. Exceptions are made where they must be, of course, but these are circumscribed. Trade is to flow to the maximum extent possible on an economic basis. It was a grand design for freer trade when drafted, and it still is.

Major challenge—the variable levy

Let's identify the major challenges to these rules, and let me be clear. I am not seeking to identify temporary or even permanent departures from the rules. I am interested here only in major challenges to them.

- Rules 1 and 2. *The import duty is the only legitimate barrier, and as a barrier it can be subject to trade agreements negotiation.*

The major challenge here in my estimation is the variable levy increasingly used by the European Communities and others. Whether or not the variable levy in its particulars is consistent with the strict letter of the GATT—

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and reasonable men can differ on this point—it clearly does not fit the rule I see. The import duty constitutes a margin of protection. It permits price competition. If it is set at reasonable levels it can be surmounted, and because it is generally fixed for substantial periods of time it enables a seller to benefit from economies in production and it helps maintain stability in trade. Most importantly for trade agreement purposes, the import duty can be negotiated downward and bound against increase without changing the nature of the protection it gives —only the degree of protection is changed.

The variable levy is quite different. It gives absolute price protection to the domestic producer by equalizing the import price with a predetermined domestic target price. It deprives exporters of any competitive price advantage they might develop. Variability, and thus instability, is its essence. And if the variable levy can be successfully negotiated and bound against increase we have not yet found out how. The EEC recognizes this. In the Kennedy Round it suggested several formulas for negotiating within its system but none of these really dealt fully with the problems the levy creates, nor did they satisfy EEC suppliers that they were getting concessions of value. On the other hand, none of our proposals were acceptable to the EEC.

The EEC countries, of course, are not the only ones to use variable levies. Nor did they originate the concept; and given the problems facing the EEC Ministers in putting on a common basis the multitude of border controls the six member countries applied prior to union, some might find initial justification for turning to variable levies as a device. But given all that, the EEC is the world's major importer of agricultural products, and its use of the variable levy system on its present scale creates a trade policy challenge of major proportions.

The challenge of export assistance

• Rule 3. *Export subsidies shall not be used to obtain more than a fair share of world trade.*

Again, export subsidies, other forms of export assistance, and international disposal of surpluses are not new. We have only to think of our own programs to realize that. And the United States has used many forms of export assistance over the years. So have others. But I think it fair to say that until very recently, export assistance was given by most countries with an eye to maintaining established trade patterns. Certainly this was the case with the United States. We did not consciously seek more than our fair share of world trade. Our export assistance was, and still is, made with a close eye to the competitive situation in the world, and we have always sought to avoid disrupting markets. Our subsidies are controlled and deliberate. Each price decision is carefully weighed before it is made. Our competitors will agree with me on this, I think.

As a part of its permanent program, however, the EEC has instituted an automatic export subsidy program designed to move its surplus products onto world markets without regard to established trade patterns or fair shares of world trade. EEC subsidies appear to be in use or contemplated for just about every agricultural product the EEC exports—grains, dairy products, meats, poultry, lard, tomato products, and so on. Faced with this competition, other suppliers are either reacting with subsidies of their own or being driven out of markets. The countries who are targets for these subsidized imports find themselves pressed to apply protective devices such as quotas, countervailing duties, or variable levies to protect their own producers. An example is our problem with low-cost butter entering this country in the form of Junex. We were forced to tighten our import controls. The United Kingdom has had to take similar action. Greece has reacted to subsidized EEC poultry exports to its markets by applying a variable levy. And so it goes.

The challenges of preferences and domestic supports

• Rule 4. *The Most-Favored-Nation—"no preference" —rule.*

The challenge to this rule comes from two sides. First, the developing countries disagree sharply with the MFN concept. They believe strongly that their needs for economic development can only be met through preferential access to the markets of developed countries. While their concerns are principally with manufactured and semimanufactured goods, they do not exclude agricultural products from their plans.

Second, the growth of regionalism presents a major challenge to the rule. It is no secret that the growing network of association agreements between the EEC and other European and African states raises sharp concern among many outside suppliers—particularly the non-African developing countries, who can by this means be denied access to European markets for their products.

• Rule 5. *Farm price and income programs should not increase exports from, or decrease imports into, the territory using them.*

The challenge to this rule comes from many sides. It is, I think, the greatest challenge facing us in agriculture today. It would be a challenge even if the rule did not exist, and, as I've said, many will deny that it does exist at all. The EEC has. At the foundation of its negotiating proposal in the Kennedy Round was the premise that the GATT puts no restraints on internal support programs or policies. This is particularly serious since the EEC's variable levy and export subsidy systems are linked directly to their internal support price objectives. As domestic prices increase—and they continue to increase—so do levies and subsidies. It was the recognition of this direct link between domestic policy and trade policy which led the EEC to propose the negotiation of domestic support systems and prices in the Kennedy Round. The idea of preventing high supports from increasing inefficient production was good. Specific EEC proposals, however, were not practical.

Certainly, no country has seriously challenged another's support policy action as being inconsistent with GATT rules in the 20 years of GATT's existence. But there have been reasons for this. Up until recently the prospect of self-sufficiency or near self-sufficiency of production in important importing areas wasn't as threatening as it is now. Moreover, up until quite recently in most major markets, support systems were not tied directly to import controls or export subsidies.

In the United Kingdom, for example, where deficiency payments are in wide use, until very recently imports of most agricultural products entered the country freely or over moderate duties. It was a commonly held theory that if the support system became too costly to the national

treasury the support would be moderated. What happened, of course, was that on grains, when the system became too costly, the United Kingdom introduced a modified variable levy system designed to alleviate the cost by raising the price to the consumer. In Germany in earlier years, a developing, and supported, poultry industry was protected by quotas. These were clearly inconsistent with the GATT, and the suppliers at that time targeted in on the quota, not the support.

Generally speaking, that was the pattern in major markets. Quotas, or duties, protecting the support were the main object of attention. However, the world can no longer ignore support systems that increasingly encourage inefficient production.

How can the challenges be met?

What is the outlook for reconciliation?

Frankly, it won't come easily. Countries are in no mood to give up the freedom of action they now have—or think they have—to do the things they think they must do. Before true reconciliation can take place all concerned have to be convinced that for their good either the rules or the practices have to change.

However, the Kennedy Round did much to clear away some misconceptions on all sides. The United States and others went into it expecting to bring the practices I have mentioned more closely in line with the rules we felt we should continue to stand by. The others—to a considerable extent, I think—hoped to have the Kennedy Round reconcile the rules to their particular practices. Neither of these things happened. But the Kennedy Round got things well started. And the process is continuing.

Key GATT Trade Ministers met recently in Geneva to map out a program of action in agricultural trade policy.

They agreed to establish a new Agricultural Committee to examine problems in the agricultural sector and to explore the opportunities for making progress in attaining the objectives of the GATT in that sector. They also agreed to give attention to immediate problems—such as that which exists in international trade in dairy products—under present GATT procedures. We must now see what work can be accomplished in this new context.

Except for the problem of preferences for developing countries in the markets of developed countries, I do not expect any rewriting of the general rules. It seems more likely that the problems will be tackled on a commodity or commodity-group basis, among the countries most concerned, and that solutions as they emerge will take the form of commodity arrangements. These would operate within the GATT framework, but the rules applied could differ greatly from the present general GATT rules.

The drive of the developing countries to obtain preferential access to the markets of developed countries is a different problem. Here the challenge, put clearly by the developing countries, is to change the rule. The United Nations Conference on Trade and Development has become the forum for this debate, and the debate is far along. If a satisfactory general preference scheme can be worked out and applied, the rule itself could be changed. Philosophical objections seem to have been overcome. The difficulty is in working out a scheme which can be applied with equal fairness of burden to each developed country and with equal fairness of benefit to each developing country. This has not yet been done.

In this connection agriculture will be a particular sticking point. A fundamental problem with general preferences in agriculture is bound to be the strong competition to the agriculture of the developed countries that would result. This problem leads me to expect that even in the area of preferences, at least in the agriculture sector, countries might seek solutions in relation to particular commodities, and not in a general rule change.

The Kennedy Round has given us an idea of what to expect in dealing with agriculture's policy changes on a product-group basis. During the Kennedy Round special negotiating groups were set up for grains, for red meats, and for dairy products, and negotiations took place in these groups over an extended period. Only in grains was agreement reached, and even here the agreement was considerably less than we had sought initially.

In these groups we looked at all the elements of support and protection afforded the products by the governments concerned. Duties, quotas, variable levies, support subsidies, none was excluded. We tried to determine where the protection really existed and how it would influence the outlook for production and trade in the years ahead. We tried to find formulas for bypassing the roadblocks the particular instruments of protection posed.

Except for wheat, we were not successful in negotiating any agreement. In wheat we agreed on new international prices and on procedures for administering them. We agreed to have a Grains Council and an international secretariat pursue the work. We also established an international food aid program of 4.5 million tons. The problem of import protection and support remained almost entirely beyond our grasp, however.

A pattern for future work?

Nevertheless, the work of each of the three groups was valuable. I am sure it will provide a foundation for our next try in these areas, and I think it likely that the work of these groups will set a pattern for trying to deal with other commodities which are troublesome internationally. The EEC has in the past suggested that the GATT countries consider problems on fats and oils, sugar, and rice. We disagree on these, but find poultry and some fruits and vegetables a problem. Other countries have other problems they wish dealt with. Not all can be negotiated at one time.

As I look ahead at agricultural trade policy, I expect to see efforts in the following directions by GATT:

- There will be increased efforts to put specific, negotiated limits on certain support programs as production continues to increase.
- There will be heightened interest in limiting or doing away with export subsidies and in negotiating international prices as a way out of the subsidy race.
- International Food Aid programs will appear increasingly attractive as a means of enforcing price and removing surpluses.
- Commodity councils, or committees, will be seen as a way of keeping in close touch with developments in support, protection, and subsidy policies, and as a way of keeping a needed degree of flexibility in them.

And it goes without saying that there will be a continuing effort to limit the use of the variable levy and to moderate its trade effects.

- Overall, we can look forward to more rather than less international activity in agricultural trade policy.

World Bank Helps Build Farm

One of the most important challenges facing Central and South America today is the building of a solid infrastructure for its agricultural economy. Farmers need improved communications, agricultural training, financing institutions, storage facilities, transportation, and roads if their crops are to move successfully off the farm and into domestic and world markets.

This need was confirmed by Foreign Ministers of the Organization of American States last spring when they met to reevaluate Alliance for Progress goals. At their suggestion, one of the priority discussions at the Presidential Summit at Punta del Este in April was how to achieve "multinational cooperation in the preparation and execution of infrastructure projects." Some of this multinational cooperation is already underway.

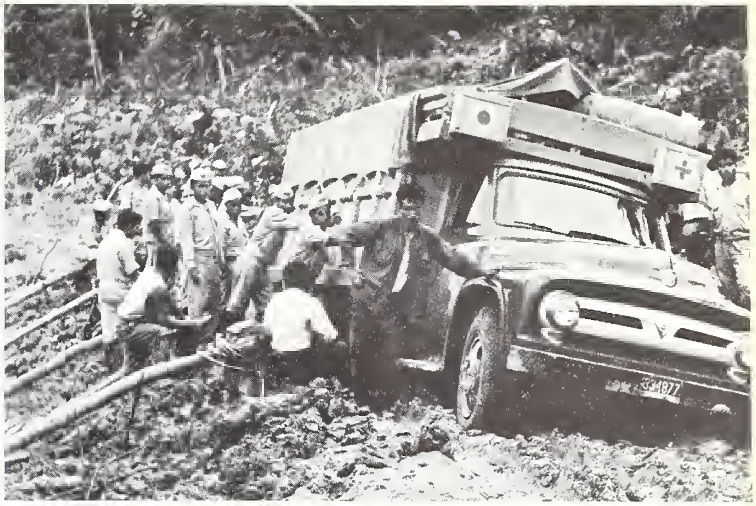
The International Bank for Reconstruction and Development (World Bank), along with the Inter-American Development Bank (IDB), has lent many millions of dollars to Latin American countries to build important farm-to-market access roads.

IDB has spelled out the need for these roads by asserting that "on-farm technological improvements are of little benefit unless they are supported by investments in off-farm improvements. The difficulties of transporting output to markets is a problem which must be overcome in order to arrive at a more rapid rate of agricultural development."

Long-term loans from both institutions pay for imported equipment, machinery, materials, and services required for road construction. Road-building projects in six Latin American countries financed by World Bank loans are pictured on these pages.

Above, a mountain-top view of construction work along a new expressway in Venezuela. Below, bulldozers grade a road through the country's developing cocoa region. World Bank loans totaling $50 million are helping to build roads near Caracas and in southwest Venezuela.

Roads in Latin America



Clockwise from right, new road construction will likely reduce the frequency of such predicaments as this truck is experiencing in Peru; bulldozers open farming areas in Nicaragua with help from a $3.5-million World Bank loan; workmen adjust a grader at a highway maintenance workshop outside Panama City. World Bank loans of more than $13 million to Panama help build new feeder roads and resurface existing highways.

Left, surveyors get lined up for road construction on an extensive highway improvement program through Manizales, an important coffee center in Colombia. Below, bananas are loaded onto trucks which will use the new Duran-Bucay road in Ecuador, built with World Bank funds. Small plantations have sprouted up along the highway since year-round transportation facilities have become available.

The current foot-and-mouth epidemic, now in its eighth week, is the worst in Britain's history, prompting efforts there and elsewhere to stamp out this dread disease.

Great Britain Struggles To End Foot-and-Mouth Disease

By WILLIAM E. PEARSON
Economic Research Service
Foreign Regional Analysis Division

The serious outbreak of foot-and-mouth disease that recently gripped Great Britain has forced the country into a state of emergency.

So far, over 270,000 cattle, sheep, and hogs have been slaughtered in an attempt to control this outbreak—the worst to hit the livestock industry in the United Kingdom. Roadblocks, quarantines, travel bans, and disinfection stations have been established to prevent its spread, and just recently, the government banned imports of meat from nations where the disease is endemic—imports which some people feel carried the virus to Britain.

First case in northwest Midlands

The trouble began on October 26—less than a month after the Minister of Agriculture announced that Britain was again free of foot-and-mouth disease. It came with the discovery of the disease among livestock in Shropshire (in the northwest Midlands of England), some of which had been sold at an auction the day before. With confirmation of the disease, precautions were taken to trace all animals sold, but it is likely that 1,200 animals shipped from the market contributed to the epidemic's explosive nature.

By December 8, a total of 1,657 outbreaks had been recorded with over 270,000 farm animals slaughtered. Latest reports show the number of outbreaks down to 27 and 26 a day on December 7 and 8 against an average of 60 in the last week of November and 30 in the second week.

A London paper estimates, however, that when slaughterings reached almost 200,000 animals, losses still represented less than 1 percent of the 9 million cattle in England and Wales, less than 1 percent of the 5½ million hogs, and about 0.2 percent of the 15 million sheep.

How the infection spread to Great Britain is not yet known, although migratory birds, winds, and imported beef have been mentioned as likely carriers. While admitting the disease is very contageous, British officials indicate that it is unlikely that wind or birds were responsible. The third possibility, imported beef, has caused much controversy in the United Kingdom since the outbreak, and the government on December 4 banned imports of meat (except canned and bacon) from countries with a history of foot-and-mouth disease. Among countries affected was Argentina, normally the source of over three-fourths of Britain's chilled beef imports.

Not a killer

Foot-and-mouth disease is one of the most dreaded of animal diseases, manifesting itself by the formation of vesicles or blisters on the mucus membrane covering various parts of the mouth and of sores around or between the hoofs of the animals. Contrary to popular belief, the disease is not a killer: generally, it carries a mortality rate of less than 5 percent among adult animals. Animals can and do recover, but they generally suffer severe losses in weight and in productivity. Infection is almost exclusively restricted to cloven-hoofed animals—most frequently, cattle, hogs, and goats; horses are not infected.

The disease is highly contagious and spreads rapidly. It can be spread by people, horses, dogs, cars, trucks, and numerous other animals and objects.

To check this contagious disease, Great Britain and Ireland have been waging an all-out battle.

British officials have declared all of Britain a controlled area, have limited the movement of livestock, and—as is their traditional means of combating the disease—have called for the slaughter of all cloven-hoofed animals on farms infected with the disease.

The Minister of Agriculture has appealed to motorists to stay away from the countryside, particularly from infected areas, and disinfectant barriers have been set up on major roads to keep travelers from spreading the infection. Manning these stations are soldiers and hundreds of volunteer workers. Also, a number of livestock shows have been called off, and a temporary ban has been placed on horse racing.

In Ireland, which has been free of the disease since 1940, the Minister of Agriculture has imposed a ban on all imports of four-footed animals from Britain, the Channel Islands, the Isle of Man, and continental Europe. A similar ban has been placed on the import of all meats and meat products. Irishmen have been asked to keep their trips to and from Britain at a minimum, and travelers must be disinfected before entering the country. While in Ireland, they must stay away from farms for 21 days or face stiff penalties.

British reaction to the emergency

In spite of this swift response to the menace, the current outbreak of foot-and-mouth disease has been both costly and heartbreaking.

British homemakers are feeling the effect as prices of meat creep up. These price rises, according to the Minister of Agriculture, have occurred because the epidemic disrupted normal

PROGRESS OF FOOT-AND-MOUTH DISEASE IN GREAT BRITAIN

Date	Outbreaks to date	Total number slaughtered to date
	Number	*Number*
October 25........	—	431
October 29........	3	1,366
November 1......	11	1,403
November 3......	45	7,000
November 5......	89	21,501
November 8......	138	33,754
November 12....	277	56,363
November 14....	347	65,506
November 19....	613	117,294
November 22....	805	144,799
November 24....	1,000	171,000
November 25....	1,054	193,150
November 26....	1,134	199,598
November 29....	1,244	215,000
December 4......	1,504	260,000
December 6.......	1,604	268,802
December 8......	1,657	273,216

NOTE: Table is compiled from various newspaper clippings and attaché reports.

distribution—not because of the number of animals slaughtered. In addition, the long dock strike has affected imports. Tradesmen report that the meat shortage is not severe and that price gains are partly due to panic.

While homemakers are bemoaning the higher meat prices, many British farmers must face the future without income from their livestock. Although compensated at market value for the loss of animals, operators of the farms where outbreaks have occurred still face the job of totally rebuilding herds.

As might be expected, many are critical of the government's 75-year policy of slaughtering infected animals. Under this plan, if one animal on a farm is found to have foot-and-mouth disease, every cloven-hoofed animal on the farm is killed and either burned or buried in lime.

Vaccines can be used for control of the disease, but they generally are not used unless the disease is enzootic in the country. Slaughter is preferable to the British Government—and the U.S. Government—for two primary reasons. First, where the disease is not enzootic, it is much cheaper to slaughter than to vaccinate. Great Britain, for example, estimates that on the basis of its 1952 outbreak, the cost of control would have been $120 million with the use of a vaccine containing dead virus, or $264 million with a live vaccine. The cost of compensation under the slaughter program was $5.7 million. Secondly, vaccines are not 100 percent effective against the many types and subtypes of the virus. After vaccination, some animals are not protected while others can become foot-and-mouth carriers without showing symptoms of the disease.

Disease still common

Despite the stringent measures taken by Great Britain and other nations, foot-and-mouth disease is common to many parts of the world. It occurs frequently in most major livestock producing areas and countries except for North America, Central America, Australia, and New Zealand. Africa, Asia, Europe, and South America have long been plagued by the disease.

In the United States, protective import measures and slaughter of infected animals have kept the number of foot-and-mouth outbreaks to nine, with the first case reported in 1870 and the last in 1929. In all but two instances since 1900—in 1914-16 and 1924-25 epidemics—the disease was brought under control within a few months. The 1914-16 epidemic, which began in the District of Columbia and later spread to the Union Stockyards of Chicago, resulted in the slaughter of over 170,000 animals. During the 1924-25 outbreak in California, over 120,000 animals, including some 22,000 deer, were destroyed.

Neighboring Mexico has also had its problems with the disease—the latest being the plague of 1946-54. Before the disease was identified it had raged through much of central Mexico. Since the disease was so widespread, reliance on slaughtering as the means of eradication threatened to disrupt the entire economy. Thus, a combined program of slaughter and vaccination was used, costing Mexico and the United States—which took preventive measures against the disease—some $130 million.

Plentiful Rains This Fall Improved Prospects For Wheat, Corn, and Grain Sorghum in Argentina

Prospects for Argentina's 1967-68 grain crops are good, since the plentiful rains of September-October not only removed the threat of drought, but insured abundant harvests of wheat and planting conditions conducive to the growth of corn and grain sorghum. This favorable weather has reinformed measures of the Argentine Government to expand grain production through support prices, tax concessions, and credit assistance.

The combined planted area of the "big 3" cash grain crops—wheat, corn, and grain sorghum—in 1967-68 is estimated at 32 million acres, an appreciable gain over the 28.7 million in 1966-67 and the 26.9 million average for 1962-63/1966-67.

Unofficial estimates of wheat production range between 8 and 9 million metric tons on acreage 6 percent greater than last year. Good soil conditions for the coarse grains were also provided by the fall rains. With area planted indicated at 11 million acres, the largest since 1941-42, prospects for corn are good. However, harvesting may be late, because the rain delayed planting. Grain sorghum, planted even later, is also expected to increase, with intended planted acreage (4.1 million acres) the highest on record.

Oats, barley, and rye were heavily grazed during the dry winter, but with the emergence of good pastures following the rains, oats and barley crops recovered considerably.

Should wheat production be in the area of 8.5 million tons, the export potential will be around 4-4.5 million tons. Brazil is again looked to as the primary market, contingent this year, however, on successful negotiation of a new trade agreement. Other potential markets include Peru, Chile, Paraguay, the United Kingdom, Italy, and other European countries.

Grain exports in 1966-67 totaled 9.6 million metric tons, with corn shipments, at 5.1 million tons, accounting for over half the total. Wheat exports amounted to 3.1 million tons; grain sorghum reached 1.2 million.

To encourage foreign marketing of Argentine grain, the export tax on wheat, oats, rye, brewer's barley, millets, birdseed, and bran and middlings was reduced from 25 to 18 percent. Trading circles maintain the tax on wheat is still too high and have asked for further reduction to no more than 15 percent. The government might possibly comply, if this proves necessary to compete. The export tax on corn and grain sorghum remains at 25 percent but could be reduced before harvest begins in March.

Morocco's Record Citrus Crop

Citrus output in Morocco broke records in 1966-67, as did the volume and value of citrus exports—more and more of them to Communist countries. Earnings from citrus, however, increased only 9 percent because of lower prices and smaller fruit.

Citrus production held up well last season even though a severe drought in 1965-66 reduced the production of most annual crops. The citrus crop was estimated at 702,402 metric tons—580,962 of it oranges. The 1967-68 crop is likely to be lower—around 669,500 tons, 563,500 of it oranges.

The general lack of rainfall contributed somewhat to earlier maturity of the 1966-67 crop, thus permitting larger shipments at favorable early-season prices.

United States To Start Delivering Record Sale of Cattle to Chile

Shipments to Chile begin early in 1968 on the largest export sales of beef cattle in the history of U.S. trade. The $2-million transaction for 5,150 American Polled Herefords is considered to be the biggest breakthrough yet into the South American cattle market and a direct result of a U.S. market development team visit to Chile earlier this year. The sale is more than four times the previous record 1,300 head of various breeds sold to Portugal in April.

The American Polled Hereford Association (APHA), which is handling the sale in this country, has assembled 5,000 commercial heifers and 150 registered bulls from ranches all over the United States. Heifers range in weight and age from 8-month choice heifers at 500 pounds to 18-month, 1,000-pound heifers ready to breed. Bulls weigh between 800 and 1,200 pounds, grades 10 to 13.

Patricio Noguera (hatless), Corfo agent, selects cattle from Kansas State University herd for Chile shipment. With him are APHA and University officials.

About half the cattle will go in February and March and the remainder in late summer. Shipments will move out of three ports—Stockton, California; Houston, Texas; and Tampa, Florida, or Mobile, Alabama. Corfo, Chile's official agency for livestock production, will receive the shipments at Punta Arenas and distribute the cattle among leading Chilean ranchers.

The Chilean Government purchased the Polled Herefords with an AID loan as part of its intensive program to upgrade the quality and increase the quantity of Chile's beef cattle. In the past few years, the livestock industry has failed to keep up with increasing demands and population growth. Traditionally, Australia, Argentina, New Zealand, and Canada have been chief suppliers of cattle to Chile. Availability and attractive prices were reportedly important factors in securing the contract for the United States.

Another key element in the sale was a team visit to Chile in February by two APHA officials and an FAS livestock marketing specialist. The three visited Chilean ranches and consulted with government and private livestock specialists, and were instrumental in convincing Chilean authorities that Polled Herefords would be an economical breed to maintain.

Australian Meat Promotion Canvasses Japan

Japan's No. 1 beef and veal supplier —Australia—is continuing strong efforts to keep its position in the Japanese market. In 1966 Japan imported 9,000 metric tons of these meats from Australia, about 70 percent of total imports. Australia's 1967 campaign has been focusing on both consumers and trade, with frequent exchanges of government and private meat officials now and in the future. Also, both countries are trying to relax protectionist import tariffs which have put a lid on two-way trade.

Meat promotion for Australia is carried out in Japan by the National Federation of Meat Dealers Cooperative Association—familiarly called the Meat Board. Highlights of the Board's 1967 campaign included a 5-day trade display at Osaka in April. The Meat Board and five meat firms sent 12,000 invitations to the trade to see the display of various meat products. Immediately following this exhibit, Australia set up a special pavilion at the 7th International Trade Fair to show frozen cut beef, beef tongue, liver, and offals.

Display and sampling sessions in the Suehiro beef restaurant chain in early May drew about 200 retail traders and government personnel to see 13 kinds of boneless beef cuts—shin beef, insides, outsides, knuckles, thick flanks, strip loins, D-rumps, tenderloins, chucks, chuck tenders, clods, flank steaks and Spencer rolls. Sukiyaki, steaks, and stew were made from the cuts for sampling. A similar session was held later in Osaka.

Seibu Department Store in Ikebukuro recently staged a 2-week promotion for Australian foods which included a display of several kinds of beef cuts plus mutton and lamb.

This year the Board and Japan's Young Meat Dealers Association agreed to jointly sponsor a series of team visits by Japanese meat tradespeople to Australia to inspect meat producing areas and processing plants. The first group of 11 men just completed a 15-day tour; some 30 retailers are expected to make the trip the next 3 years. —WILBERT SCHAAL
Assistant U.S. Agricultural Attaché, Tokyo

More Cattle Sold to Portugal

Portugal has bought another 608 head of breeding cattle from the United States, bringing total 1967 purchases from this country to nearly 1,900 head. Latest shipments are all Herefords; 208 moved out of Baltimore, Maryland, November 28 and 400 December 4.

The purchase is part of Portugal's continuing efforts to improve the quality and increase the availability of beef. The cattle will be distributed to livestock farmers in various parts of the country.

U.S. Wheat Mission to Latin America Reports Its Findings

The U.S. Wheat Mission to Latin America reports that prospects for U.S. wheat exports to the countries visited are favorable for the current crop season, but competition will increase as the season progresses.

The team spent the period November 5-18 consulting with government, agricultural, and trade leaders in Venezuela, Brazil, Chile, and Peru.

U.S. wheats have built an excellent reputation among millers and users in the countries visited according to the team, and, assuming the continuation of competitive U.S. prices, a strong U.S. position in these markets can be maintained. Also, the team reports that the timetable of LAFTA (Latin American Free Trade Association) preferences for wheat should not be a major deterrent to U.S. wheat exports for the next several years.

Latin America is an important and growing market for wheat, in recent years taking from 10 to 15 percent of U.S. wheat exports. The four countries visited are the largest buyers.

Venezuelan market to remain steady

During 1966-67 the United States supplied about 78 percent of the 620,000 tons of wheat imported by Venezuela and will supply about the same percentage of the market during the current crop year. Prices of U.S. wheat have been and are fully competitive, and qualities of wheats from the United States are well accepted.

Looking further ahead, the team discussed two problem areas in Venezuela: (1) the need for Venezuela to reduce its tariff on wheat imports to the lowest possible level (now about $4.50 a ton); and (2) Venezuela's announced program of substituting domestically produced grain sorghums for imported feed wheat. This was a matter of particular concern to the team since about 200,000 tons of U.S. wheat is now being used in mixed feed in Venezuela.

Competition stiffening in Brazil

In 1966-67 the United States exported approximately 1.1 million tons of wheat to Brazil. About 63 percent of this was commercial, the remainder under Public Law 480. The team found that the favorable commercial sales position of the United States will be maintained during the first half of the current fiscal year, but a continuation of this favorable position during the last half of the fiscal year and during the remainder of calendar 1967 will depend on: (1) a reduction by Brazil in bilateral purchases of wheat from new suppliers; and (2) continued competitive pricing of U.S. wheats.

The team stressed to Brazilian authorities that preemptive bilateral purchases have resulted in shrinking the size of the commercial market for which suppliers such as the United States can compete. It emphasized the difficulty of Brazil's obtaining U.S. farm community support for Brazilian products entering the United States if U.S. wheat is not given the same opportunity to compete in the Brazilian market as wheat from new origins.

It appeared to the team that the signing of the 1967 P.L. 480 agreement with Brazil early in the fall was perhaps too late to permit the Brazilian Government to plan its import program for the year in the most effective manner. This is so since the Brazilian crop is harvested beginning in December and the government plans its imports on a calendar year basis. Therefore, the team recommends that P.L. 480 agreements developed with Brazil be offered to that country early.

The combination of these factors should result in a good year for U.S. exports in 1968, one which would compare favorably with the last 2 years.

The team emphasized the importance of the 750,000-ton duty-free tariff quota Brazil has under GATT.

Chile buying from several sources

In 1966-67 the United States exported about 325,000 tons of wheat to Chile. Approximately three-fourths were commercial sales, the best U.S. performance in many years. In part, this outstanding performance was due to reduced competition from a number of other exporting countries. In 1967-68, however, there is a marked increase in competition from other countries. First, there was a large bilateral purchase from Australia with much of the wheat included in that purchase still remaining to be imported. Second, Chilean authorities desire to continue such bilateral purchases throughout 1967-68.

While it is the team's conclusion that the United States can make a respectable showing in the Chilean commercial market during the current fiscal year, the prospects are not nearly so favorable as they were in 1966-67.

Chile, the team believes, will continue to be a substantial market for imported wheat for many years to come. The size of the import market will depend on the success of Chile's plans to expand its own wheat production and reduce imports by about 50 percent from the approximately 500,000-ton current annual figure. Other factors affecting the import market are continued access to that market on a nondiscriminatory tariff basis and the opening of the wheat business to open competitive bidding by all outside suppliers.

Price competition in Peru

In 1966-67 the United States sold about 230,000 tons of wheat to Peru, almost all of it on a commercial basis, and supplied about 35 percent of the market. In calendar year 1967 the United States improved its position and is supplying about 50 percent of Peru's requirements, the best U.S. export performance in the Peruvian market in many years.

The team encountered a general hypothesis on the part of the trade and millers in Peru that the United States might slip back to supplying 30-35 percent of the market's requirements now that more generous supplies are available from other exporters, particularly Argentina.

The team was not convinced during its visit that such a shift is inevitable since it found in some segments of the trade a willingness to use 50 percent or more of the total mix in U.S. wheats.

The team concluded that it is possible to effect a better performance than 30-35 percent in the Peruvian market for calendar year 1968 through competitive pricing. It is convinced that competitive prices can hold the proportions close to the level that prevailed in 1967. Also, the team believes that more work needs to be done in Peru to convince millers and bakers that U.S. wheats have quality factors that make them better buys than wheats from other countries.

U.S.–Western Hemisphere Farm Trade Dips in 1966-67

Despite a slight drop, trade with Western Hemisphere countries in 1966-67 still accounted for almost a third of the United States total farm trade.

BY ALYCE WOODARD
Foreign Regional Analysis Division
Economic Research Service

U.S. farm trade with Western Hemisphere countries and territories eased a little during fiscal 1967. At $3.2 billion, the trade total was 1 percent below the previous year's but $311 million above the 1960-61/1964-65 average. Also, the Hemisphere's share of all U.S. farm trade, at 29 percent for the second straight year, was below the 31 percent for the 1960-61/1964-65 period.

The value of U.S. agricultural imports from Western Hemisphere countries totaled $2.0 billion in fiscal 1967, a little under that of a year earlier. Increases in imports of sugar, bananas, meat and meat products, and cocoa beans were offset by declines in coffee, wool, and cattle. The decline in coffee reflected some significant shifts from supplying countries, although Latin America continued to be the major supplier in the U.S. market. However, in view of increased U.S. quotas for sugar, increased production for bananas, and a decline in the production of cocoa beans which caused prices to rise to a more normal level, import gains from the Hemisphere are in prospect for fiscal 1968.

Accounting for over three-fourths of the U.S. purchases in fiscal 1967 were: Coffee, $691 million; sugar, $363 million; bananas, $182 million; meat and meat products, $158 million; cattle, $78 million; cocoa beans, $66 million; and wool, $32 million.

In fiscal 1967, the Western Hemisphere took $1.2 billion or 17 percent of all U.S. agricultural exports. Accounting for over 60 percent of the total were wheat and flour, $250 million; fruit and preparations, $146 million; vegetables and preparations, $94 million; oilseeds, $83 million; corn, $79 million; meat and meat products, $58 million: mixed feeds $52 million; and rice, $32 million. All declined except wheat and flour, fruit and preparations, meat and meat products, mixed feeds, and rice.

U.S. exports of wheat and flour, fruit and preparations, meat and meat products, mixed feeds, and rice continued the upward trend of the last 7 years to Canada and Latin America. For the year ahead, shipments of these commodities are expected to show still more gains.

Trade with Canada down slightly

Canada (including transshipments) led as the No. 1 market of U.S. farm exports in the Hemisphere and was second after Japan in the world; 50 percent of exports and 11 percent of imports represented Canada's share of Hemisphere trade during fiscal 1967. However, declines were registered, with imports and exports amounting to $223 million and $594 million respectively, compared with $256 million and $630 million a year earlier.

Accounting for over half of total U.S. agricultural imports from Canada were meat and meat products, $43 million; cattle, $40 million; fruit, vegetables, and preparations, $26 million; feeds and fodders, $14 million; and barley and malt, $10 million. All declined in fiscal 1967 except fruit, vegetables and preparations, and feeds and fodders.

Six commodity groups made up over two-thirds of U.S. exports to Canada. These were fruit and preparations, $120 million; corn, $70 million; vegetables and preparations, $68 million; oilseeds. $73 million; cotton, $35 million; meat and meat products, $29 million; and soybean cake and meal, $22 million. Fruit and preparations, meat and meat products, and soybean cake and meal registered gains.

Mexico fails to join Latin American upswing

Latin America's share of total U.S. farm trade rose in fiscal 1967 despite a drop in Mexico's trade. At $2.4 billion, the total for Latin America was slightly more than in fiscal 1966 and $221 million above the 1960-61/1964-65 average.

Mexico supplied $329 million, or 18 percent, of U.S. agricultural imports from Latin America and took $74 million, or 13 percent, of our farm exports to this area. Imports rose 8 percent owing mainly to larger amounts of sugar, but exports fell 12 percent.

Six commodity groups accounted for nearly 90 percent of U.S. imports from Mexico. These were sugar, $70 million; vegetables and preparations, $64 million; coffee, $55 million; cattle, $38 million; fruit and preparations, $28 million; and meat, $24 million. Only sugar and meat rose.

Accounting for about 60 percent of U.S. exports to Mexico in fiscal 1967 were hides and skins, $13 million; fruit, vegetables, and preparations, $12 million; dairy products, $6 million; cattle, $6 million; and grains and preparations, $6 million. Gains were registered for fruit, vegetables, and preparations; hides and skins; and cattle.

Caribbean imports and exports gain

Ten percent of imports and one-fifth of exports represented the Caribbean's share of U.S. trade with Latin America in fiscal 1967. U.S. imports from the Caribbean rose 15 percent to $170 million, owing to large shipments of sugar. And U.S. exports to the area rose 11 percent to $117 million as a result of major gains in wheat and flour, oilseeds, and meat products.

Sugar, coffee, and cocoa beans accounted for slightly more than three-fourths of U.S. agricultural imports from the Caribbean, with sugar amounting to $109 million; coffee, $18 million; and cocoa beans, $14 million.

Leading U.S. exports to the Caribbean—accounting for slightly more than 60 percent of the total—were wheat and flour, $15 million; meat and meat products, $19 million; fruit, vegetables and preparations, $14 million; animal and vegetable fats and oils, $12 million; rice $7 million; corn, $5 million; and oilseeds, $4 million. Principal gains were in wheat and flour, meat and meat products, and oilseeds.

Record imports from Central America

U.S. agricultural imports from Central America in fiscal 1967 rose 13 percent or $38 million from the previous

year, whereas U.S. exports to the area remained at $60 million.

Import increases occurred primarily in bananas, an all-time high of $134 million, and meat, $30 millilon, more than offsetting a coffee decline to $125 million. El Salvador, Guatemala, Costa Rica, Honduras, and Panama were the principal suppliers in the region, followed by Nicaragua and British Honduras.

Accounting for 70 percent of the U.S. farm export total to Central America were grains and preparations, $23 million; fats and oils, $9 million; fruit, vegetables, and preparations, $6 million; and rice, $4 million. Grains and preparations, fats and oils, and rice showed gains during fiscal 1967.

Bigger agricultural exports to South America

South America accounted for $955 million of U.S. agricultural imports and $338 million of the exports in fiscal 1967. The value of U.S. imports was off 10 percent from the previous year owing to a decline in coffee trade; exports, however, made a significant advance.

(*Continued on page 20*)

U.S. AGRICULTURAL TRADE WITH WESTERN HEMISPHERE COUNTRIES

Country and region	U.S. imports: Average 1960/61-1964/65	U.S. imports: 1965/66	U.S. imports: 1966/67 [1]	U.S. exports: Average 1960/61-1964/65	U.S. exports: 1965/66	U.S. exports: 1966/67 [1]
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
Canada [2]	181.7	255.5	223.1	545.9	629.9	594.2
Mexico	268.2	304.7	328.8	70.3	84.5	74.4
Cuba [3]	22.7	2.2	1.1	11.4	—	—
Dominican Republic	113.4	97.1	120.4	15.2	23.3	22.8
Haiti	15.2	13.7	12.5	8.2	9.5	9.1
Jamaica	15.8	15.7	20.2	14.4	22.2	24.1
Trinidad & Tobago	7.9	6.1	5.0	10.4	9.4	13.2
Antilles (Neth.)	.1	.1	.2	9.1	11.0	11.4
Bahamas (Br.)	2.1	1.8	1.3	9.2	15.6	19.7
Barbados (Br.)	1.6	1.9	1.2	1.9	2.4	2.8
Bermuda (Br.)	.1	(4)	.1	5.6	6.5	7.1
Leeward & Windward Islands (Br.)	1.1	2.1	1.3	1.9	3.3	4.1
West Indies (Fr.)	7.6	8.0	7.1	.9	2.1	2.3
Total Caribbean	187.6	148.7	170.4	88.2	105.3	116.6
Costa Rica	43.1	51.5	62.4	5.7	5.5	6.3
El Salvador	34.3	35.8	65.4	7.1	9.2	8.3
Guatemala	59.8	74.0	63.8	10.2	11.2	13.7
Honduras	33.7	70.6	66.0	4.2	6.2	5.9
Nicaragua	26.5	27.9	26.7	4.9	7.8	8.0
Panama	18.0	40.4	51.2	10.8	17.9	15.4
British Honduras	2.0	.9	4.0	2.1	2.3	2.5
Canal Zone	.1	.2	.1	.6	—	—
Total Central America	217.5	301.3	339.6	45.6	60.1	60.1
Argentina	94.9	100.7	104.4	4.6	4.1	4.5
Bolivia	1.9	2.4	3.3	10.9	8.3	15.2
Brazil	465.6	474.8	464.3	98.7	79.0	103.3
Chile	5.7	6.6	6.1	27.2	38.1	37.5
Colombia	226.5	220.3	165.9	25.4	38.2	25.0
Ecuador	66.0	94.5	86.6	8.4	11.7	12.0
Guyana	6.5	3.8	6.9	3.5	4.3	4.7
Paraguay	7.1	12.0	8.3	3.0	.7	2.7
Peru	82.3	80.9	76.1	25.6	34.2	41.6
Uruguay	16.9	29.9	9.8	3.6	1.6	2.8
Venezuela	18.9	20.2	22.9	77.5	82.3	84.5
Falkland Is. (Br.)	—	(4)	—	(4)	(4)	(4)
French Guiana (Fr.)	.1	.1	(4)	.1	.1	.2
Surinam (Neth.)	.8	.3	.7	2.6	3.4	3.7
Total South America	993.2	1,046.5	955.3	291.1	306.0	337.7
Total Latin America	1,666.5	1,801.2	1,794.1	495.2	555.9	588.8
Total Hemisphere	1,848.2	2,056.7	2,017.2	1,041.1	1,185.8	1,183.0
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Agricultural percent of total trade	23	19	20	24	23	28
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
Total world farm trade	3,899.5	4,453.8	4,454.0	5,467.2	6,680.9	6,767.5
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Hemisphere percent of world farm trade	47	46	45	19	18	17

1 Preliminary. 2 Includes export transshipments, mostly to Western Europe, estimated as follows in million dollars: 1960/61-1964/65 average, $101.3; 1965/66, $148.2; and 1966/67, $116.2. 3 U.S. trade embargo went into effect in February 1962. Subsequent exports were relief and prisoner shipments, and imports reflect tobacco from bonded warehouses. 4 Less than $50,000.

Weekly Report on Rotterdam Grain Prices

During the period ending December 6, 1967, Canadian wheat offers in Rotterdam were unchanged, while U.S. hard wheat prices declined. U.S. soft wheat and Argentine wheat prices were unchanged.

U.S. and South African corn prices were unchanged. Argentine corn prices declined.

Item	Week ending Dec. 6	Week ending Nov. 29	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.08	2.08	2.16
U.S. No. 2 Dark Northern Spring	1.97	1.99	2.04
U.S. No. 2 Hard Winter 12 percent	1.87	1.89	1.92
Argentine	1.92	1.92	1.90
U.S. No. 2 Soft Red Winter	1.79	1.79	1.91
Corn:			
U.S. No. 3 yellow corn	1.39	1.39	1.66
Argentine plate	1.81	1.82	1.79
So. African white	1.44	1.44	(1)

[1] Not quoted.

NOTE: All quotes are c.i.f. Rotterdam and for 30- to 60-day delivery.

Meat Imports Subject to Quota Up in October

U.S. meat imports subject to provisions of the Meat Import Act (Public Law 88-482) totaled 91.8 million pounds in October 1967—up 15 percent from the same period a year earlier when imports were 79.7 million pounds. Meat imports for the first 10 months of 1967, at 740.1 million pounds, were up 6 percent from the 696.3 million for January-October 1966.

Total meat imports subject to the law for calendar 1967 are estimated at 860 million pounds—135 million below the level which would trigger the imposition of quotas.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW (P.L. 88-482)

Imports	October	Jan.-Oct.
	Million pounds	*Million pounds*
1967:		
Subject to Meat Import Law [1]	91.8	740.1
Total beef and veal [2]	102.3	813.2
Total red meat [3]	131.1	1,122.1
1966:		
Subject to Meat Import Law [1]	79.7	696.3
Total beef and veal [2]	92.2	748.6
Total red meat [3]	123.9	1,070.3
1965:		
Subject to Meat Import Law [1]	64.4	503.0
Total beef and veal [2]	72.1	575.0
Total red meat [3]	100.7	825.3

[1] Fresh, chilled, and frozen beef, veal, and mutton and goat meat. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, and mutton and goat.

U.S. Tobacco Exports Off in October

U.S. exports of unmanufactured tobacco in October 1967, at 50.7 million pounds (export weight), were 25 percent below the 67.6 million shipped out in October last year. Exports of flue-cured and Virginia fire-cured were smaller, while those of burley and Kentucky-Tennessee fire-cured rose.

For the 10-month period, January-October, total exports were 436.6 million pounds—up 6.8 percent from the similar period of 1966. The value this year totaled $380 million, compared with $352 million for January-October 1966.

Exports of tobacco products in October 1967 were valued at $10.1 million, compared with $10.9 million last year. For January-October 1967, the total value of tobacco-product exports rose to $114.4 million from $108.5 million last year.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	October 1966	October 1967	January-October 1966	January-October 1967	Change from 1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	55,027	39,132	310,432	321,263	+ 3.5
Burley	1,803	3,395	36,459	39,964	+ 9.6
Dark-fired					
Ky-Tenn.	1,110	2,451	13,443	17,600	+30.9
Va. Fire-cured [1]	1,416	476	4,549	3,550	−22.0
Maryland	2,104	773	8,123	11,994	+47.7
Green River	0	9	457	858	+87.7
One Sucker	10	21	129	799	—
Black Fat	132	250	2,888	3,358	+16.3
Cigar wrapper	426	383	4,085	3,211	−21.4
Cigar binder	50	101	1,783	1,621	− 9.1
Cigar filler	146	24	1,299	638	−50.9
Other	5,353	3,641	25,025	31,763	+26.9
Total	67,577	50,656	408,672	436,619	+ 6.8
Declared	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
value	61.9	45.6	351.9	380.1	+ 8.0

[1] Includes sun-cured. Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	October 1966	October 1967	January-October 1966	January-October 1967	Change from 1966
Cigars and cheroots					*Percent*
1,000 pieces	4,063	8,237	64,347	65,630	+ 2.0
Cigarettes					
Million pieces	2,021	1,680	19,944	19,778	− 0.8
Chewing and snuff					
1,000 pounds	3	22	305	253	−17.1
Smoking tobacco in pkgs.					
1,000 pounds	74	185	790	1,142	+44.6
Smoking tobacco in bulk					
1,000 pounds	1,093	1,010	11,265	13,561	+20.4
Total declared value					
Million dollars	10.9	10.1	108.5	114.4	+ 5.4

Bureau of the Census.

Ontario Flue-Cured Prices

Sales of the 1967 flue-cured tobacco crop in Ontario, Canada, through November 24 totaled 25.2 million pounds, for an average price of 68.9 Canadian cents per pound. This compares with 26.8 million pounds averaging 71.1 cents for a comparable period a year ago.

Belgian Textile Activity Declines in 1966-67

Belgian cotton consumption in 1966-67 (August-July) totaled 300,000 bales (480 lb. net), compared with 330,000 a year earlier. This was the fifth consecutive season in which raw cotton consumption has declined in Belgium. A general economic slowdown, increased textile imports, and decreased textile exports contributed to the continued decline in cotton consumption. Cotton yarn imports from developing countries and the EEC, especially West Germany, have increased sharply. At the same time, textile exports, especially to the important markets of the United Kingdom, the United States, and the Netherlands, were lower than before.

Belgian cotton imports totaled 286,000 bales last season, a decline of 17 percent from the 343,000 bales imported in 1965-66. Turkey supplied about 22 percent of the raw cotton in 1966-67, while Brazil and the United States supplied more than 15 percent each. Quantities imported in 1966-67 from major countries of origin (1965-66 figures in parentheses) in thousands of bales were: Turkey 62 (83), Brazil 45 (56), the United States 43 (47), Nigeria 19 (18), Peru 17 (14), Chad 14 (14), Argentina 10 (4), and Syria 4 (13)

At the beginning of the 1967-68 season, Belgian cotton stocks totaled about 80,000 bales, a reduction of 15,000 bales from a year earlier. The tight supply and rising prices for raw cotton, along with a sluggish textile market, have caused textile manufacturers to maintain low cotton stocks.

Greece Reports Large Table Olive Pack

The 1967 Greek table olive pack is tentatively estimated at 88,000 short tons, 30 percent above the 1966 pack of 67,600 and 80 percent above the 1961-65 average of 49,000.

U.S. Soybean, Edible Oil, Cake and Meal Exports

U.S. exports of soybeans in October reached 29.7 million bushels, bringing the total for the current crop year to 40.1 million, an increase of 15 percent over last year. For September-October, exports to the EEC of 15.9 million bushels represent 40 percent of the total and an increase of 5.1 million bushels over the previous year. Taiwan and Denmark also took increased quantities. Japan, our largest single market for soybeans, took slightly less, as did Canada and Spain.

Larger shipments under Public Law 480, principally to Pakistan and India, brought soybean oil exports to 86.4 million pounds in October, the first month of the new marketing year. Cottonseed oil exports remained at last October's level of 6.4 million pounds, with Venezuela taking 5.9 million. The soybean and cottonseed oil total of 92.8 million pounds is 1⅓ times larger than last year's total of 39.9 million.

Soybean meal exports of 197,200 tons were 10 percent higher than last October's total of 178,500. Shipments to the EEC of 132,300 tons represent 67 percent of the soybean meal exported and an increase of nearly 14 percent over last year. Larger quantities were exported to Belgium, France, and the Netherlands. Yugoslavia and Poland also increased their tonnage of soybean meal.

Total cake and meal exports reached 229,200 tons, compared with 207,300 a year ago. While most of the increase was in soybean meal, additional quantities of linseed meal and "other" cakes and meal were part of the aggregate gain in exports.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, OILCAKE AND MEAL

Item and destination	Unit	October 1966 [1]	October 1967 [1]	Sept.-Oct. 1966-67 [1]	Sept.-Oct. 1967-68 [1]
SOYBEANS					
Germany, West	Mil. bu.	3.5	3.8	3.9	5.6
Netherlands	do.	3.3	5.8	3.5	7.4
Other EEC	do.	3.2	2.4	3.4	2.9
Total EEC	do.	10.0	12.0	10.8	15.9
Japan	do.	7.5	5.1	10.2	9.8
Canada	do.	5.1	5.7	6.1	5.7
Spain	do.	3.0	2.5	3.4	3.0
Taiwan	do.	.3	1.6	.3	1.7
Denmark	do.	1.0	1.1	1.4	1.7
Other	do.	5.6	4.1	6.0	5.2
Total	do.	29.3	29.7	34.8	40.1
Oil equivalent	Mil. lb.	321.3	326.5	381.9	439.9
Meal equivalent	1,000 tons	687.7	698.8	817.3	941.5
EDIBLE OILS		October		Oct.-Sept.	
Soybean oil: [2]		1966 [1]	1967 [1]	1965-66 [1]	1966-67 [1]
India	Mil. lb.	3.4	12.5	80.7	225.7
Pakistan	do.	0	37.3	148.3	146.6
Yugoslavia	do.	0	0	48.7	114.5
Tunisia	do.	.4	3.4	34.4	96.3
UAR, Egypt	do.	0	0	40.2	58.2
Burma	do.	13.2	0	60.5	45.0
Israel	do.	2.9	8.1	27.4	32.5
Vietnam, South	do.	0	4.8	10.9	29.7
Greece	do.	.8	0	29.0	23.4
Canada	do.	2.8	1.7	32.0	21.7
Colombia	do.	1.3	.6	41.9	18.5
Haiti	do.	1.5	1.2	14.3	14.5
Chile	do.	.4	1.0	3.4	14.1
Others	do.	6.8	15.8	350.9	225.8
Total	do.	33.5	86.4	922.6	1,066.5
Cottonseed oil: [2]					
Venezuela	do.	2.2	5.9	31.3	30.9
UAR, Egypt	do.	3.5	0	38.8	25.5
Canada	do.	.3	.1	40.1	8.3
Others	do.	.4	.4	162.4	12.9
Total	do.	6.4	6.4	272.6	77.6
Total oils	do.	39.9	92.8	1,195.2	1,144.1
CAKES AND MEALS					
Soybean:					
Belgium	1,000tons	15.1	24.1	163.9	221.4
France	do.	27.8	29.3	464.9	431.5
Germany, West	do.	35.3	35.2	513.0	458.1
Italy	do.	15.0	4.6	155.0	192.0
Netherlands	do.	23.3	39.1	325.5	417.9
Total EEC	do.	116.5	132.3	1,622.3	1,720.9
Canada	do.	20.1	21.0	234.0	238.4
Yugoslavia	do.	5.0	15.0	78.5	159.3
Denmark	do.	6.9	3.5	147.8	109.4
United Kingdom	do.	14.6	9.0	105.4	86.1
Poland	do.	0	4.0	64.1	51.2
Others	do.	15.4	12.4	349.5	291.3
Total	do.	178.5	197.2	2,601.6	2,656.6
Cottonseed	do.	4.2	.6	98.8	7.3
Linseed	do.	23.9	27.2	113.7	93.4
Total cakes and meals [3]	do.	207.3	229.2	2,864.9	2,788.6

NOTE: Countries indicated are ranked according to quantities taken in the current marketing year.

[1] Preliminary. [2] Includes shipment under P.L. 480 as reported by Census. [3] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records.

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Argentina Reduces Export Tax on Sunflower Oil

The Argentine Government has reduced the export tax on sunflowerseed oil from 20 to 8 percent per metric ton. It also lowered the export index value from $203 to $187 per ton. Thus, on the basis of the reduced assessment value, the tax will be $14.96, compared to $37.40 previously. This action was taken to make Argentine sunflower oil competitive not only in relation to sunflower oil from other sources, but also in relation to some other oils such as soybean oil.

World Crops and Markets Index

U.S.-Western Hemisphere Farm Trade

(*Continued from page 6*)

Six commodity groups accounted for nearly 90 percent of U.S. agricultural imports from South America. These were coffee, $493 million; sugar, $151 million; meat, $61 million; bananas, $47 million; cocoa beans, $46 million; and wool, $32 million. Sugar, meat, and cocoa beans registered gains.

The value of farm exports to South America advanced 10 percent from fiscal 1966 and was 16 percent higher than the 1960-61/1964-65 average. The gain was due mainly to larger exports of wheat and flour; fruit, vegetables, and preparations; rice; and tobacco.

Accounting for over three-fourths of U.S. exports to South America were wheat and flour, $177 million; fats and oils, $31 million; fruit, vegetables, and preparations, $22 million; dairy products, $16 million; rice $12 million; and tobacco, $7 million. Other important agricultural exports to South America included oilseeds, corn, meat and meat products, and cotton.

One notable development in South America during fiscal 1967 was Brazil's return to the No. 1 spot among Latin American importers of U.S. farm products. Behind this return were larger imports of U.S. wheat and flour, which accounted for almost three-fourths of U.S. agricultural exports to Brazil in fiscal 1967. Other exports valued at over $1 million were fruit and preparations; vegetables, fats, and oils; and dairy products.

Correction: *Foreign Agriculture,* November 6, 1967, page 8, column 2, paragraph 4, should begin "Traditionally, Mozambique's six leading agricultural exports have been raw cotton, raw sugar, cashew nuts, tea, sisal, and copra. The pattern is changing, however, and in the near future cashew kernels could replace cashew nuts in the leading six export items. Last year cashew kernels replaced sisal as an export earner."